



MINUTES OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

For the meeting held on
Tuesday, September 17, 2013 at 2:00 pm
980 9th Street, Conference Center, 2nd Floor
Sacramento, California 95814

Vice Chairman Annis called the meeting of the California Infrastructure and Economic Development Bank (I-Bank) Board to order at approximately 2:00 p.m.

1. Call To Order and Roll Call.

The following Board members were in attendance:

Brian Annis, represented the Secretary of the State Transportation Agency.
Eraina Ortega, represented the Director of the Department of Finance.
Blake Fowler, represented the State Treasurer.
D. Everett Rice, Governor's appointee.

The following Board member was absent:

Michael E. Rossi, Chairman.

The following I-Bank staff members were in attendance:

Teveia Barnes, Ruben Rojas, Marilyn Munoz, Joel Tokimitsu and Diane Cummings.

Information Item:

2. Executive Director's Report.

Executive Director Ms. Teveia Barnes gave the Executive Director's report and informed the Board of the following:

- The City of San Bernardino is in technical default on three Infrastructure State Revolving Fund Program facility leases due to declaring bankruptcy. On August 28, 2013, the federal bankruptcy judge ruled that the city is eligible for Chapter 9 bankruptcy. The city has made all principal and interest payments on time, but has yet to pay \$30,380.43 of bills from the California Attorney General's Office for legal services provided to the I-Bank related to the bankruptcy and invoiced to the city. Ms. Barnes clarified for Vice Chair Annis that the outstanding legal services costs has been paid by the I-Bank from funds on hand, and reimbursement by the city likely will not be received until the bankruptcy is resolved.
- The City of Cloverdale is in technical default under a Tax Allocation Loan Agreement due to the non-submittal of several years of financial audits and annual certifications. However, since Ms. Barnes' September 11, 2013, letter to the Board, the city has submitted all audits, and all outstanding annual certifications except for the 2009/2010 and 2011/2012 certifications, and staff are expecting to receive these past due certifications in the near future.

- Ms. Barnes and staff have been working on updating the Criteria, Priorities and Guidelines (CPGs) for the Infrastructure State Revolving Fund (ISRF) Program for the past two months, and have determined a need to make changes to provide more flexibility in the program. She and staff have had meetings with stakeholders, and anticipate providing the public a draft of the revised CPGs on the I-Bank's website within approximately a week. Staff then intend to bring the revised CPGs to the Board for consideration at the November meeting.
- Ms. Barnes and staff are moving forward to assemble a bond financing team to refund the 2004 and 2005 Series ISRF Program Bonds to achieve cost savings. She indicated that the 2008 Series of ISRF Program Bonds will likely not be refinanced since analyses reveals there is not any cost savings. Staff also intends to bring the ISRF Program Bonds refunding proposal to the Board in November.

Consent Item:

3. Approve minutes from the meeting held on August 13, 2013.

Vice Chairman Annis called for questions or comments from the Board and the public on the minutes. Hearing none, he entertained a motion to approve this consent item. Ms. Ortega moved to approve the minutes and Mr. Fowler seconded the motion. The Board members in attendance unanimously approved the minutes.

Action Item:

4. Resolution No. 13-15 approving the issuance of tax-exempt obligations, in an amount not to exceed \$2,050,000, to be sold through a private placement with the Bank of Marin, and loaning the proceeds to New Door Ventures (Borrower) to finance an eligible project located in the City and County of San Francisco.

Mr. Tokimitsu presented a staff report in which he indicated the New Door Ventures has requested up to \$2,050,000 of tax-exempt revenue bonds to be sold through a private placement with the Bank of Marin, a qualified institutional buyer, and loaned to the company to provide additional capital. Mr. Tokimitsu confirmed for Mr. Fowler that the bond documents contain resale provisions consistent with the Bond Programs policies, and require the bonds to be sold in whole to another qualified institutional buyer, with that buyer signing a "sophisticated investor" letter. Also, Mr. Tokimitsu and Ms. Munoz clarified for Vice Chair Annis that the interest rate and financing term reflected in the resolution are different than as stated in the staff report to provide sufficient flexibility to the borrower to amend the terms with the private placement lender without having to come back before the board for a subsequent approval. Mr. Tokimitsu introduced Mr. Mark Cole, Chief Operating Officer of New Door Ventures, and Mr. Dan Bronfman, of Growth Capital Associates, financial advisor for the project. Mr. Cole addressed the Board and expressed his gratitude that the Board was considering the financing proposal.

Vice Chairman Annis called for any questions or comments from the Board or the public. Hearing none, he entertained a motion to approve Resolution No. 13-15. Mr. Rice moved to approve the resolution and Mr. Fowler seconded the motion. The Board members in attendance unanimously approved the resolution.

Reporting/Non-Action Item:

5. I-Bank Monthly Investment Transaction Report for Month Ending August 31, 2013.

Vice Chair Annis called for any comment from the Board members or the public on this item; there was none.

Discussion Items.

Vice Chairman Annis called for any other business; there was none.

Public Comment.

Vice Chairman Annis called for any public comment; there was none.

Adjournment.

Vice Chairman Annis declared the meeting adjourned at approximately 2:20 p.m.